

CPA Evolution: Request for Input

The vision of CPA Evolution, a joint project of NASBA and the AICPA, is to transform the CPA profession and its licensure model in recognition of the need for rapidly changing CPA skills and competencies necessitated by constantly escalating technological disruption.

The environment in which CPAs operate is changing at a rapid pace, and the biggest driver of that change is technological innovation.

Starting in 2017, NASBA and the AICPA began speaking with stakeholders to better understand how the profession is changing. We sought input from firms of all sizes, state CPA societies, state boards of accountancy, academia and various other groups. Across the board, we heard that technology is changing the services CPAs provide and how they provide them.

What finance executives report:

- 94% feel advanced technologies promote the quality of the audit
- 78% say auditors should use more sophisticated technologies

Sources: Forbes Insights/KPMG. *Audit 2025: The Future is Now*, March 2017 and *Next Generation Audit*, 2018.

We're hearing that innovations in areas like artificial intelligence, automation and data analytics are creating new opportunities for CPAs, both in terms of the types of services they perform and in how those services are delivered. We're also hearing that the services clients are demanding require skills and knowledge in areas like IT risks and controls, business intelligence and cybersecurity risk management.

Skills and knowledge newly licensed CPAs increasingly need:

- Business intelligence
- Data management, analysis and reporting
- Predictive analytics
- Cybersecurity risk management
- IT risks, controls and assurance
- Information security governance

As the skills required to perform the profession's core services evolve, CPA licensure requirements must evolve as well. For this reason, NASBA and the AICPA are exploring how to adapt the CPA licensure model so it better aligns with the work CPAs do and continues to serve the public interest.

In 2018, our two organizations formed a diverse working group of stakeholder representatives to consider possible changes to licensure. The group recommended that education and exam requirements need to evolve to address the increased demand for technological and analytical expertise.

This brings us to today, and the purpose of this Request for Input. We're seeking your feedback on five guiding principles on which we believe any new licensure model should be based. Tell us:

- Are these principles directionally correct?
- Would they help put the profession in a continued position of strength and relevance while protecting the public interest?

Throughout the summer, we will be collecting your thoughts and suggestions to inform our decision making. Then, this October, we plan to share what we've heard, along with recommended next steps, at the NASBA Annual Meeting and AICPA Fall Council.

Help us reimagine CPA licensure. Review the guiding principles on the next page and let us know what you think.

CPA Evolution: NASBA's and the AICPA's Guiding Principles

- The CPA profession must adapt quickly due to the technological disruptions in areas such as data analytics, robotics, artificial intelligence and more. As such, the competencies, services and attitudes of CPAs need to continually evolve in order to protect the public interest.
- The CPA profession and state boards of accountancy recognize that technological and analytical expertise are essential to performing assurance work, as well as the other services that are currently, or will be in the future, core to professional accounting.
- The CPA profession and state boards of accountancy acknowledge that sustaining the profession and continued public protection require rethinking initial licensure requirements.
- The profession, and therefore entry into the profession, must be redesigned to attract individuals with technological and analytical expertise. This includes non-CPA professionals whose technology and analytics skills are critical to the performance of assurance and other core services, as well as non-accounting major students. All must demonstrate minimum required competencies necessary to perform professional accounting services as a CPA.
- The changes must be rapid, transformational and substantive without negatively impacting candidates currently in the pipeline.

In addition, NASBA and AICPA volunteer leadership have developed the following specific concepts that support the guiding principles.

We need a degree of flexibility in the education requirements in order to best position the profession for the future.

- This means candidates with different degrees would all be required to have education around a common core of both accounting and technology, as well as elective coursework that aligns with the work they are interested in performing as a CPA.
- The existing accounting graduate would need a greater understanding of technology, and the existing technology graduate would need a greater understanding of accounting.
- This may necessitate reducing educational requirements on certain existing concepts and adding educational requirements on other concepts.

We need an exam that tests a common core of accounting and technology, and that allows candidates to demonstrate knowledge in their chosen area of study and interest.

- One examination would serve all candidates, with variations allowed within exam sections that correspond to area of study and interest.
- Using the current exam structure, significantly modify the breadth and depth of the exam based on future looking practice analyses.
- Certain advanced and unique accounting and auditing concepts currently required for licensure are applicable to only a segment of practicing CPAs, while knowledge of systems controls and emerging technologies is increasingly relevant.

Do you think these principles are directionally correct in guiding the development of a new CPA licensure model? Would they help put the profession in a continued position of strength and relevance while protecting the public interest? Tell us your thoughts by emailing Feedback@EvolutionOfCPA.org or filling out our input form at EvolutionOfCPA.org. Input is requested by August 9, 2019.